

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01

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ALL CONSULAR POSTS IN CANADA

UNCLAS OTTAWA 4721

E.O. 11652: N/A

TAGS: ETRD, CA

SUBJ: GOC RESTRICTIONS ON CLOTHING IMPORTS

REF: OTTAWA 4705

1. FOLLOWING IS INDUSTRY, TRADE AND COMMERCE MINISTER
JEAN CHRETIEN'S NOVEMBER 29 ANNOUNCEMENT (PARA 3 REFTEL)
OF GOC CONTROLS ON IMPORTS OF CLOTHING, INCLUDING
LEATHER OUTERWEAR. IT WILL BE NOTED CHRETIEN
STRESSED MEASURES ARE INTERIM IN CHARACTER AND WILL BE
RECONSIDERED WHEN TEXTILE AND CLOTHING BOARD'S FINAL
REPORT ON CLOTHING IS MADE AVAILABLE TO THE GOVERNMENT.
INTERIM REPORT BEING FORWARDED SEPARATELY BY
AIRGRAM. FINAL REPORT EXPECTED IN FIRST HALF OF 1977.

2. TEXT OF ANNOUNCEMENT: QUOTE

THE MINISTER OF INDUSTRY, TRADE AND COMMERCE, THE HONOURABLE
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JEAN CHRETIEN, ANNOUNCED TODAY THAT IMPORTS OF CLOTHING IN 1977

WOULD BE HELD TO THE 1975 LEVELS.

MR. CHRETIEN SAID THIS ACTION IS BEING TAKEN IN THE LIGHT OF THE INTERIM REPORT OF THE TEXTILE AND CLOTHING BOARD. THE BOARD FOUND THAT CLOTHING IS BEING IMPORTED IN SUCH QUANTITIES AND IN SUCH CONDITIONS AS TO CAUSE OR THREATEN TO CAUSE SERIOUS AND IMMEDIATE INJURY TO PRODUCTION IN CANADA THAT WOULD BE DIFFICULT TO REPAIR.

"THIS IS DRASTIC ACTION AND WE HAVE TAKEN IT, UNDER THE AUTHORITY OF THE EXPORT AND IMPORT PERMITS ACT, TO AVERT A CRISIS SITUATION IN THE TEXTILE AND CLOTHING INDUSTRIES, WHICH PROVIDE EMPLOYMENT FOR SOME 200,000 CANADIANS," MR. CHRETIEN SAID.

IN THE FIRST SEVEN MONTHS OF THIS YEAR, MORE THAN 13.5 MILLION DOZEN GARMENTS WERE IMPORTED INTO CANADA, AN INCREASE OF 52.1 PER CENT OVER THE PREVIOUS YEAR.

AT THE SAME TIME, DOMESTIC SHIPMENTS OF CLOTHING IN 1976 WILL HAVE DECLINED FROM 340.1 MILLION UNITS IN 1973 TO AN ESTIMATED 245.5 MILLION UNITS IN 1976, A DECREASE OF 23 PER CENT OVER THE PERIOD.

THE MINISTER EMPHASIZED THAT DURING THE YEARS 1969 TO 1975 INCLUSIVE, THE APPARENT CANADIAN MARKET FOR APPAREL INCREASED AT AN AVERAGE YEARLY RATE OF 2.7 PER CENT. DURING THE SAME PERIOD, GARMENT IMPORTS INCREASED ON THE AVERAGE OF 18.5 PER CENT PER YEAR AND THE SUDDEN INCREASE OF 50 PERCENT IN THE FIRST SIX MONTHS OF 1976 CANNOT BE ATTRIBUTED TO INCREASED MARKET DEMAND.

THIS DRAMATIC INCREASE IN SUPPLIES OF IMPORTED CLOTHING HAS ALREADY RESULTED IN THE CLOSING DOWN OF PRODUCTION AT MANY GARMENT MANUFACTURERS WHILE OTHERS HAVE BEEN FORCED TO OPERATE ON A SHORT TIME BASIS," THE MINISTER SAID. "THIS HAS RESULTED IN WIDESPREAD LAYOFFS IN THE CLOTHING INDUSTRY."

THE MINISTER SAID THE ACTION IS BEING TAKEN IN ACCORDANCE WITH CANADA'S RIGHTS AND OBLIGATIONS UNDER THE GENERAL AGREEMENT ON TARIFFS AND TRADE. "WE ARE INITIATING CONSULTATIONS WITH OUR TRADING PARTNERS IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE XIX OF THE GATT IN ORDER TO ENSURE THAT THEY FULLY UNDERSTAND AND APPRECIATE THE REASONS WHY WE FOUND IT NECESSARY TO TAKE THIS EMERGENCY ACTION."

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MENT ON TARIFFS AND TRADE. "WE ARE INITIATING CONSULTATIONS WITH OUR TRADING PARTNERS IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE XIX OF THE GATT IN ORDER TO ENSURE THAT THEY FULLY UNDERSTAND AND APPRECIATE THE REASONS WHY WE FOUND IT NECESSARY TO TAKE THIS EMERGENCY ACTION."

MR. CHRETIEN STRESSED THAT THE GOVERNMENT IS MOST ANXIOUS TO ENSURE THAT THE IMPOSITION OF THESE CONTROLS DOES NOT HAVE

AN UNDUE EFFECT ON CONSUMER PRICES FOR CLOTHING. RESTRICTING THE LEVEL OF IMPORTS TO 1975 LEVELS WILL PROVIDE FOR VERY SUBSTANTIAL IMPORTS AND SHOULD KEEP THE MARKET COMPETITIVE. THE GOVERNMENT WILL BE MONITORING CONSUMER PRICES OF CLOTHING.

HE STRESSED HOWEVER THAT THE MEASURES ARE INTERIM IN CHARACTER AND WILL BE RECONSIDERED WHEN THE BOARD'S FINAL REPORT ON CLOTHING IS MADE AVAILABLE TO THE GOVERNMENT. THIS FINAL REPORT IS EXPECTED IN THE FIRST HALF OF 1977.

SHIPMENTS OF CLOTHING, EXCEPT OUTERWEAR, WHICH ARE BONA FIDE IN TRANSIT AS OF MIDNIGHT WILL BE PERMITTED IMPORTATION AGAINST PERMITS ISSUED AUTOMATICALLY AGAINST PROOF OF IN TRANSIT STATUS. PERMITS FOR OTHER IMPORTS WILL BE ISSUED TO INDIVIDUAL IMPORTERS ONLY UP TO THE LEVEL OF THEIR IMPORTS IN 1975. SUHH IMPORTS IN THE REMAINING WEEKS OF 1976 WILL BE COUNTED AGAINST INDIVIDUAL IMPORTER'S ENTITLEMENT FOR 1977.

IMPORTS OF OUTERWEAR IN 1977 WILL BE LIMITED TO A TOTAL OF APPROXIMATELY 2.3 MILLION UNITS FROM ALL SOURCES. FOR IMPORTS OF OUTERWEAR WHICH ARE ALREADY IN CANADA BUT WHICH HAVE NOT CLEARED CUSTOMS, PERMITS WILL BE ISSUED ON REQUEST BUT SUCH IMPORTS WILL BE COUNTED AGAINST INDIVIDUAL IMPORTERS' ALLOCATIONS FOR 1977. UNQUOTE

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